



Ranking Republican, Senate Agriculture and Rural Economic Development Committee

February 9, 2006

Dear Neighbors,

The Legislature recently reached two key 2006 session deadlines. February 3 was the cutoff date for Senate policy committees to pass bills originating in the Senate, and last Tuesday was the final day for the Senate Ways and Means, and Transportation committees to approve Senate bills sent to either panel.

The twin cutoffs resulted in the demise of many bills introduced this session, including several agriculture-related measures. But many ag-related proposals survived to live another day. Or, in this case, another week. The next key deadline is Tuesday, February 14, which is the cutoff date for the full Senate to pass Senate bills. Even if a bill isn't passed by the Senate, it could be kept alive by incorporating it into the supplemental operating budget.

Many good or important ag-related bills are poised to receive a Senate floor vote by the Valentine's Day deadline, while others didn't make it that far. Here is a look at them:

- **SSB 6151** (prime sponsor: Sen. Mark Schoesler) This bill eases water relinquishment rules for the Odessa aquifer region. Many farmers living in the Columbia Basin rely on the Odessa aquifer for irrigation water. Unfortunately, the aquifer is being depleted, and there is no available alternative source of water. SSB 6151 would give irrigators in the Odessa aquifer sub-area (as mapped in state code) a "time out" from the statutory five year "use-it-or-lose-it" provision in order to encourage maximum water conservation until the surface water resulting from the second half of Columbia Basin Project is delivered. Doing so would save water for municipal water users and domestic wells. The bill is on the Senate 2nd reading calendar.

- **SB 6298** (prime sponsor: Sen. Joyce Mulliken) The bill exempts from the state retail sales and use tax the sale of parts and services needed to modify motor vehicles to use biodiesel or ethanol fuels of an 85 percent concentration or higher. The proposal is on the Senate 2nd reading calendar.

- **SSB 6507** (prime sponsor: Sen. Jim Honeyford) Under this bill, which is on the Senate 2nd reading calendar, a watershed management partnership may use the following revenue sources upon approval of the voters in order to help with the implementation of a watershed plan:

- ✓ A watershed management fee as a surcharge on rates, charges, or assessments imposed by special purpose districts within the boundaries of the members of the watershed management partnership; and

- ✓ Ad valorem property tax levies, in excess of the one percent limitation, for the retirement of voter-approved general obligation bonds issued by a watershed management partnership or by some or all of its members.

• **SSB 6581** (prime sponsor: Sen. Erik Poulsen). This controversial measure deals with developing a water supply development program for the Columbia River Basin. The proposal, currently being negotiated by representatives of environmental and water user groups, aims to create new water supplies through infrastructure and conservation improvements, and through the storage of surplus river flows diverted from the top of the hydrograph (now lost to saltwater). Such new water supplies are then to be allocated to meet the needs of water users and fish, with a focus on the summer months when water supplies are tightest and the potential for fish-related litigation is greatest. The bill also authorizes voluntary agreements to address water concerns of Columbia mainstem irrigators and cities, whose water rights are subject to interruption at certain river flow levels. \$10 million is provided to implement water use efficiency investments and water supply projects for the Odessa subarea, and for the Walla Walla and Yakima regions. The Ways and Means Committee passed an amendment I introduced that provides full funding for the Potholes Reservoir operational improvements in order to bring water to the Odessa subarea. Success of the bill is likely to turn on the significance of the funding commitment to develop new water storage. The Senate version of the 2006 operating budget is due Wednesday. SSB 6581 is on the 2nd reading calendar.

• **SB 6424** (prime sponsor: Sen. Schoesler). It gives a property tax exemption for land used to grow biodiesel feedstock crops (like canola and mustard) to be used in the production of biodiesel. I believe incentives are needed to get growers to grow these crops. Without such incentives, all the loan funds and canola crushers in the world won't help Eastern Washington farmers. Died in Ways and Means Committee.

• **SB 6485** (prime sponsor: Sen. Marilyn Rasmussen). It exempts the custom blending of dry fertilizer from the B&O tax when it is manufactured. The sale of custom blended dry fertilizer would remain subject to the B&O tax. As I mentioned during my testimony for the bill in committee this week, this proposal addresses a problem that first arose last fall involving an audit of a fertilizer company. Died in Ways and Means Committee.

• **SB 6542** (prime sponsor: Sen. Mulliken). It provides a B&O tax exemption for services provided to a farmer in growing, raising or producing agricultural products to be sold. The bill received a public hearing in the Ways and Means Committee on Tuesday but wasn't passed by the committee before cutoff.

• **SB 6573** (prime sponsor: Sen. Joe Zarelli). It gives Washington farmers certainty that state regulations won't restrict agricultural operations in wetlands converted to agricultural use prior to 1985. This simply makes our statutes consistent with federal law, under which wetlands designated as prior converted cropland are exempt from regulation. These protections would expire upon transfer to a non-agricultural use. The bill was passed by the Senate Agriculture and Rural Economic Development Committee on Jan. 31 and was referred to the Senate Government Operations and Elections Committee.

• **SSB 6575** (prime sponsor: Sen. Rasmussen). The bill's intent is to allow limited extra-income opportunities that are compatible with agricultural use of the land. The measure intends to support ag viability. The bill is on the Senate's 2nd reading calendar.

• **SB 6661** (prime sponsor: Sen. Rasmussen). It establishes the Washington Beer Commission. This bill is on the Senate's 2nd reading calendar.

• **SB 6704** (prime sponsor: Sen. Rasmussen). It modifies the excise taxation of the manufacturing, selling, and processing of certain food products. The bill received a public hearing in Ways and Means on Feb. 2, but it wasn't passed by the committee.

• **HB 2424** (prime sponsor: Rep. Bill Grant). Under this proposal, non-highway diesel, both red-dyed and clear, sold to a farmer or an ag service provider (such as a custom cutter, etc.) is exempt from the sales and use tax. It recently was amended and approved by the Senate Ways

and Means Committee. The bill as changed by Ways and Means includes a sales and use tax exemption for aircraft fuel sold to a farm user.

Milk bill clears Senate

The Senate on Tuesday voted 46-2 to pass SSB 6377, which would explicitly include so-called "cow-share" programs among dairy operations that must be licensed by the state, and would make it a felony to ignore the law more than once.

There was an E. coli outbreak in December, in which raw milk from an unlicensed small dairy in Cowlitz County was linked to illnesses in at least 18 people in Washington and Oregon.

The bill does not ban raw milk or cow-share arrangements for raw milk, in which dairy consumers pay for an ownership stake in an animal in exchange for a portion of its food products. In addition to civil fines, people convicted of violating the licensing requirements would be guilty of a gross misdemeanor for a first offense and a class C felony for a second offense.

Senate passes farm plan measure

SSB 6617, prime-sponsored by Sen. Mary Margaret Haugen, deals with the contents of farm plans prepared by conservation districts. Under this bill, before preparing a farm plan, a conservation district must inform the land owner or operator in writing what types of information must be disclosed to the public. Before a final draft of the farm plan is completed, the conservation district must send it to the land owner or operator for verification of the information. It was passed 46-0 yesterday by the Senate.

State Capitol celebrates Cattlemen's Day

Tuesday was the annual Cattlemen's Day celebration at the state Capitol. Many of our friends in the cattle industry came to Olympia for the event and met with state legislators and other officials. So did members of the Washington Farm Bureau and Cattle Producers of Washington. During Tuesday's Senate floor session, many of my Senate colleagues and I recognized this great day by donning cowboy hats. For some of us, wearing a Stetson looked very natural, and less so for others.

ON THE HORIZON...

Senate operating budget and capital construction budget plans are expected to be unveiled next week. Many legislators who are also agriculture supporters will work to include funding in the capital construction budget for a new Life Sciences Building at Washington State University's Pullman campus. Such a building wasn't included in the 2005 construction budget, despite requests by WSU and agriculture proponents. A new building is very important, both from the perspective of Washington's agriculture and biosciences industry, and our higher education needs in general.

106A Irv Newhouse Building • PO Box 40409 • Olympia WA 98504-0409
E-mail: Schoesler.mark@leg.wa.gov • Phone: (360) 786-7620